UNITED NATIONS

TD

United Nations Conference on Trade and Development

Distr.
GENERAL

TD/B/CN.4/57
TD/B/CN.4/GE.1/7
9 April 1996

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Standing Committee on Developing Services
Sectors: Fostering Competitive Services
Sectors in Developing Countries - Shipping

REPORT OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON PORTS ON ITS SECOND SESSION

Held at the Palais des Nations, Geneva,
from 18 to 22 March 1996

CONTENTS

Chapter		Paragraphs
	Introduction	1 - 5
I.	Port modernization and development	6 - 15
II.	Training and technical assistance	16 - 25
III.	Proceedings of the closing plenary meeting of the Group's second session	26 - 31
IV.	Organizational matters	32 - 35

Annexes

Annex	
I.	Conclusions
II.	Chairman's summary
III.	Round tables on quality management and information technology in ports
IV.	Attendance

GE.96-50927 (E)

INTRODUCTION

1. The Intergovernmental Group of Experts on Ports met from 18 to 22 March 1996 at the Palais des Nations, Geneva, further to the recommendation made by the Standing Committee on Developing Services Sectors: Shipping at its second session in July 1994, which was subsequently endorsed by the Trade and Development Board.

2. The terms of reference for the second session of the Intergovernmental Group of Experts were to assess the progress made in implementing the work programme, to review any new or outstanding issues in the fields of port efficiency, modernization and development, and to make recommendations.

3. In the course of its session, the Intergovernmental Group of Experts held three formal and seven informal meetings. In addition, two round tables were organized (see annex III).

Opening statements

4. The **Officer-in-charge of the Services Development Division** said that the presence at the meeting of high officials and port directors from many countries was an indication of their confidence in UNCTAD. He informed the delegates of the financial constraints presently facing the organization and requested them to take this into account when suggesting further mandates. Efficient transportation and communication networks were essential components of the globalizing world economy, one feature of which was a dramatic increase in the value and volume of manufactured goods shipped by sea. In this highly competitive environment, many Governments had adapted their port policies to take advantage of the new opportunities. The key issues for consideration by the Group were port modernization and development, including the issues of strategic port pricing, deregulation, commercialization, privatization, financing port development and regional cooperation, as well as the assessment of the training and technical cooperation activities of the UNCTAD secretariat. Port modernization and development were extremely important in assisting developing countries and countries in transition to facilitate trade and promote their countries' economic development. He noted that UNCTAD, with the support of donors, was providing support to the international port community through port management and training and technical cooperation, and he drew attention in particular to UNCTAD's continuing role in the rehabilitation of the northern ports in Somalia.

5. The **Chairman**, in his introductory remarks, recalled that the primary purpose of the meeting was to examine factors which could contribute to the efficient management and sustainable development of ports and related port services, to foster competitive maritime transport services and to strengthen capabilities for trade. He noted that it was an opportune moment to consider port management at a time of unprecedented demand for economic efficiency. There were cases where, rather than facilitating trade, ports had acted as barriers to trade. Ports had evolved to become multidimensional systems linked into logistics chains spanning the globe, and Governments had recognized that an integrated plan for the total transport chain was the key

to successful port-related economic performance. At the same time, there had been an increasing separation of the regulatory and commercial functions of port authorities. He suggested six key issues on which the Group could concentrate during its session: a proactive role for ports in fostering trade and economic development; export promotion through integration of transport and communication networks; involvement of the private sector in port operation and development; management of regulatory functions; partnership between government and labour; and regional cooperation as a factor in trade development and environmental protection.

Chapter I

PORT MODERNIZATION AND DEVELOPMENT

(Agenda item 3)

6. For its consideration of this item, the Intergovernmental Group of Experts had before it the following document:

"Port organization and management: report by the UNCTAD secretariat" (TD/B/CN.4/GE.1/6).

7. In addition, the following UNCTAD publications were made available to participants:

"Strategic port pricing" (UNCTAD/SDD/PORT/2);

"Comparative analysis of deregulation, commercialization and privatization of ports" (UNCTAD/SDD/PORT/3);

"Financing port development" (UNCTAD/SDD/PORT/4);

"Potentialities for regional port cooperation" (UNCTAD/SDD/PORT/5);

"Marketing promotion tools for ports" (UNCTAD/SHIP/494(12)).

8. The **Officer-in-charge of the Ports Section**, introducing agenda item 3, said that port managers needed to be flexible, proactive, autonomous and accountable for their operational and financial performance if their port was to survive and prosper in the present highly competitive environment. He also informed the Group of the dissemination of information on the secretariat's work via the Ports Newsletter and through miscellaneous ad hoc requests.

9. The representative of **France** emphasized the importance of making UNCTAD's port documentation available to participants in French.

10. The representative of **China** described the progress made in the port sector in his country. The State had made major capital investments, as well as institutional and management reforms. Ports had become distribution platforms rather than just cargo transfer points. These steps had increased the productivity of ports and allowed a rapid increase in containerized traffic, although such traffic represented only a small portion of total seaborne trade. It was essential to expand port capacity in order for China to benefit from liberalization and globalization. China hoped to learn from the Group's discussions on port policy and looked forward to future meetings of the Group.

11. The representative of **Sri Lanka** outlined port development in Colombo and the importance of transshipment traffic to the ports trade. Private sector involvement was being considered, as the Government recognized the importance of good management to maintain the competitiveness of the port.

12. The representative of the **Russian Federation** indicated that there had been many changes in his country since the first session of the Intergovernmental Group of Experts and, in particular, a great number of seaports had been privatized. In addition, maritime port administrations had been established at large seaports to ensure safety of navigation, marine environment protection and port State control of foreign ships in accordance with international standards. Central and Eastern European countries showed a great deal of interest in work on port activity, and he emphasized the need to make UNCTAD's port documentation available to participants in Russian.

13. The representative of **Venezuela** described how port reform in his country had led to increased productivity in the national port system and drew attention to two significant lessons learned: the need to have a comprehensive legal framework applicable to ports, and the need to control the number of private port operators as a way of ensuring quality of services. The Group's meeting provided a valuable forum in which to exchange ideas and learn from the experience of other countries.

14. The representative of **Indonesia** said that about 120 commercial and 500 non-commercial ports served the 13,500 islands that made up his country, and commercial ports were managed by four port corporations. He described the port of Tanjung Perak (Surabaya), which handled international and inter-island traffic, and he outlined its expansion plans. It was forecast that Tanjung Priok would be saturated in the year 2000, when 2.5 million TEUs were expected to be moved, and plans to solve the problem included the construction, with private and public funding, of a satellite port linked by a 100 kilometre toll road to Djakarta.

15. The representative of the International Labour Organization (ILO) explained his organization's tripartite approach to matters concerning labour and informed the Group of the meeting to be held in Geneva from 20 to 24 May 1996 on social and labour problems caused by structural adjustment. The management of human resources was a key issue for port executives when dealing with port reform.

Chapter II

TRAINING AND TECHNICAL ASSISTANCE

(Agenda item 4)

16. For its consideration of this item, the Intergovernmental Group of Experts had before it the following document:

"Port organization and management: report by the UNCTAD secretariat" (TD/B/CN.4/GE.1/6).

17. The **Officer-in-charge of the Ports Section**, introducing the item, indicated that the success of the work programme was based on the marriage of research, training and technical assistance activities. He noted the large array of research studies which had been carried out and which could form the basis of future policy seminars, subject to the availability of resources. He described the activities of the secretariat in the organization and delivery of seminars, acknowledging the participation of donors such as Belgium and France. A recent survey indicated the continuing need for training materials, and a middle management certificate course on Modern Port Management had been developed by the TRAINMAR programme. He described the technical assistance activities of the secretariat in the ports sector, notably the rehabilitation of ports in Somalia which had been under way since June 1993, and in that connection acknowledged the contribution of several Indian ports, which had released port officials to participate in the project. Finally, he indicated the advantage to port managers of the Advance Cargo Information System (ACIS) project, which, through improved information, would make the transport chain more efficient.

18. The representative of **India** confirmed his willingness to continue cooperating with UNCTAD on the Somali project and other similar projects. He noted that, in the Somali project, Indian officials had acted in both an executive and an advisory capacity, often in dangerous situations. He added that the useful Port Development Handbook prepared by the secretariat needed to be updated, and he suggested that donors be sought.

19. The representative of **Sri Lanka** stated his appreciation for UNCTAD's work in training and technical assistance. In training, it was important to dispel the notion that experience equalled knowledge in the present context of fast technological and institutional changes. Training also needed to deal with the strategic objective of a given organization. A training centre had been established in Colombo in 1982 for the country's three commercial ports and had provided training to personnel from the public and private sector. There remained new areas to be covered in the training provided, specifically dry ports, marketing and legal issues.

20. The representative of **Romania** said that the maritime training centre in Constantza had recently joined the TRAINMAR programme, with finance from the European Union Phare programme, and he noted the competitive prices of UNCTAD's contribution. During the current year, four seminars would be

conducted with the participation of foreign and local expertise, and one of the seminars dealing with Free Ports would be available to other TRAINMAR members.

21. The representative of **Morocco** said that his country had joined the TRAINMAR programme in 1983 and was satisfied with the results achieved. He underlined that the continuous training carried out as part of the human resources development plan for port organizations had greatly facilitated their reorganization.

22. The representative of the **United Republic of Tanzania** was appreciative of the technical assistance provided by the World Bank and the European Union, which had enhanced the efficiency and skills of managers. He emphasized the importance of having an adequate managerial environment to sustain improvements after the completion of assistance.

23. The representative of **Egypt** indicated that training was needed to cope with change, and the training centre in Alexandria had joined TRAINMAR years ago. National and Sudanese managers had found the training extremely valuable. Training in cruise shipping was now provided in the centre.

24. The representative of **Peru** said that a centre for research and training had been in operation in Callao for many years and benefited from the help of UNCTAD. With the institutional changes taking place in the country, the privatization of the centre was presently being investigated.

25. The representative of the **International Labour Organization** (ILO) said that modules on container handling from the new Portworker Development Programme for the training of dock workers and supervisors were near to completion following testing in Kenya and the United Republic of Tanzania. This programme was receiving funding from the Government of the Netherlands, and close collaboration with UNCTAD for implementation was envisaged.

Chapter III

PROCEEDINGS OF THE CLOSING PLENARY MEETING OF THE GROUP'S SECOND SESSION

A. Conclusions of the Group

26. At the closing plenary meeting of its second session, on Friday, 22 March 1996, the **Intergovernmental Group of Experts** adopted its draft conclusions (TD/B/CN.4/GE.1/L.5). (For the text of the conclusions, see annex I.)

B. Chairman's summary

27. The **Chairman** introduced his summary of the Group's deliberations under agenda items 3 and 4 (TD/B/CN.4/GE.1/L.4).

28. The representative of **France** said that, aware of the importance of cooperation between States in the field of ports, his delegation encouraged member States of the European Union to provide their support vis-à-vis the Commission of the European Union for all projects aimed at improving port organization initiated by developing countries or countries in transition.

29. The **Intergovernmental Group of Experts** took note of the Chairman's summary and decided to annex the summary to its report. (For the text of the summary, see annex II.)

C. Closing statements

30. The **Officer-in-Charge of the Services Development Division** said the Group's second session had demonstrated that the Group had a valuable contribution to make in helping developing countries to develop a maritime industry. In the context of preparations for UNCTAD IX, Governments might wish to consider continued support for the Intergovernmental Group and for the associated research, training and technical assistance activities, in the light of the Group's recommendations.

31. The **Chairman** said that ports had a significant role to play in fostering economic development and world trade. The message of the Group's meeting was that ports and the associated logistics chains must be accorded prominence in the policy initiatives and investment decisions of Governments, and that was even more true at times when financial means were limited. Throughout the world, there were ports at all stages of development, featuring greater or lesser involvement of the private sector, but all systems had their place, and they all had one thing in common - traffic had to be facilitated, not hindered.

Chapter IV

ORGANIZATIONAL MATTERS

A. Opening of the session

32. The second session of the Intergovernmental Group of Experts on Ports was opened on 18 March 1996 at the Palais des Nations, Geneva, by Mr. R. Vogel, Officer-in-charge of the Services Development Division, acting on behalf of the Secretary-General of UNCTAD.

B. Election of officers

(Agenda item 1)

33. At the first plenary meeting of its second session, on Monday, 18 March 1996, the Intergovernmental Group of Experts elected its officers for its second session, as follows:

Chairman:	Mr. J. Hayes	(Australia)
Vice-Chairman:	Mr. A. Alfred	(Sri Lanka)
Rapporteur:	Mr. M. de Azeredo	(Brazil)

C. Adoption of the agenda and organization of work

(Agenda item 2)

34. Also at the opening plenary meeting of its second session, the Intergovernmental Group of Experts adopted the provisional agenda for the session (TD/B/CN.4/GE.1/5). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Port modernization and development
4. Training and technical assistance
5. Other business
6. Adoption of the report of the Intergovernmental Group of Experts on Ports

D. Adoption of the report of the Intergovernmental Group of Experts on Ports

(Agenda item 6)

35. At the closing plenary meeting of its second session, on Friday, 22 March 1996, the Intergovernmental Group of Experts adopted its draft report (TD/B/CN.4/GE.1/L.3), with some amendments, and authorized the completion of the text of the report to reflect the proceedings of the closing plenary.

Annex I

CONCLUSIONS

Ports - an emerging partnership for development

Introduction

1. The trends in the globalization of production noted in the conclusions of the first session of the Intergovernmental Group of Experts on Ports in 1993 are continuing, with resulting dramatic demands made on transport services. In this highly competitive environment, the existence of an efficient port network, including transport and communications systems, is essential. Transport operators demand reliable and low-cost port services. Seaports are interfaces between the various transport modes and are typically combined transport centres. In addition, they are also multifunctional trade and industrial areas where goods are not only in transit but also handled, manufactured and distributed. In fact, ports are multidimensional systems which, to function adequately, must be integrated into global logistic chains. An efficient port requires not only adequate infrastructure, superstructure and equipment but also good communications and especially a dedicated and skilled management team with a motivated and trained workforce.

2. Over the last decades, there has been an evolutionary process through which a port organization passes from a wholly government-controlled body that is an instrument of economic policy to more efficient organization schemes, including the landlord organization scheme, coordinating private and public sector bodies, and sometimes the totally privatized organization. In all cases there is a need for government to provide a regulatory framework to address issues of national and international relevance such as safety and the environment and to act as coordinator for port development, including hinterland connections. There is an increasing trend towards separating regulatory and commercial activities, with the government and public sectors retaining responsibility for the former and the latter being exposed progressively to free market forces. Rules of fair competition assume importance in cases where government is relinquishing involvement in the commercial aspects of port activity by assigning more responsibility to the private sector.

3. A pragmatic approach to port modernization, amongst others, is for Governments to encourage the private sector to participate in development and expansion projects. Investment of private capital through joint venture arrangements such as BOT (build, operate, transfer) and BOO (build, own, operate) represents a method of satisfying requirements for cargo-handling capacity and auxiliary services and can also provide an avenue for modernizing management skills. Such arrangements will assist in assuring the commercial viability of the project. However, experience so far has proved that it is unlikely that the private sector would be willing to invest in common infrastructure such as breakwaters and approach channels. Thus a partnership between the government, public and private sectors for development is an emerging and necessary trend.

4. The Group observes that while developed countries have succeeded in certain cases in implementing privatization because they have the necessary framework, developing countries should be encouraged to do so with caution since they may hardly have the logistical, legal and financial framework.

A. General recommendations

(i) Institutional reforms

5. In the interest of efficiency, there is a need for Governments to review the institutional structure of their ports to see if the present structure is adequate for this new environment, notably when export-led development strategies are pursued. If restructuring or change is required to make the port more responsive to the market, there will be a need to revise or create a comprehensive legal framework which may influence ports to allow more efficient development and operation, oriented to free market forces.

(ii) Trade promotion

6. Port authorities need to be pro-active, which implies a degree of autonomy, in order to play an important role in fostering trade, and thus modern management techniques should be used and commercial disciplines adopted. This will improve efficiency in the transport chain, which can result in the capture of new markets for export goods.

(iii) Strategic port pricing

7. There is a tendency for government to intervene in port pricing, which sometimes adversely affects the availability of funds to the ports for their developmental programmes. While recognizing the necessity for government to hold a major stake in pricing decisions where developing ports may have to operate sub-commercially in the national interest, the Group considers that controls should be relaxed when a port has achieved financial self-sufficiency and can demonstrate that flexible (strategic) pricing will foster additional trade. Ports in competition need similar flexibility. The Group recommends that the principles of strategic port pricing should be taken into account when formulating port pricing policies.

(iv) Port cooperation

8. It is evident that cooperation among ports within particular regions and between ports with interests or trade in common is increasing. In some cases, ports have been drawn together as a consequence of bilateral agreements between nations. In other cases, ad hoc arrangements - such as sister port relations - are providing a valuable vehicle for technical exchange. The Group considers that cooperation is most essential in the area of compliance with international regulations and recommends that Governments acknowledge the important development role of cooperation, including forums such as Legiport.

(v) Training and technical assistance

9. Special attention should be given by the international community to the rehabilitation of ports in war-torn countries once hostilities have ceased and also to those affected by natural disasters. Experiences in such countries have shown that ports can have an essential role in providing employment and generating revenue to assist the country in its economic rehabilitation.

10. A port will not function efficiently without a suitably trained and motivated workforce. The Group considers that training represents a most important investment and recommends that Governments promote the implementation, within both the public and private sectors, and where possible in collaboration between the two, of programmes which offer suitable training in return for commitments by labour to act as partners with management in keeping ports available for service.

11. The Group believes that the work carried out by UNCTAD in the field of ports, namely research, training and technical cooperation, has benefited senior and middle managers of many ports and that this work should be maintained, and it recommends that Governments consider this when making decisions concerning UNCTAD's work programme.

B. Specific recommendations

12. With the rapid changes taking place in the port industry, and the importance of efficient ports for fostering trade and development, the UNCTAD secretariat should maintain its programme of work, which contributes to the development and modernization of ports, by updating the most important background studies, issuing new monographs on current topics and continuing the dissemination of information by means of the Ports Newsletter and other media to the informal network of port focal points. This programme should be carried out in cooperation with the regional commissions and international agencies (IMO and ILO).

13. The meeting of the Intergovernmental Group of Experts on Ports is a valuable forum for the international port community to discuss port developments and to provide guidance to the secretariat on its work, and it is therefore recommended that this body meets every two years.

14. In view of the importance of UNCTAD's background reports used in the Intergovernmental Group meetings and Monographs on Port Management to all ports in developing countries and countries in transition, these documents should be translated into as many of the official United Nations languages as possible and be made available to experts before the meeting takes place.

15. The Group considers that priority should be given to the following new topics for study:

- Quality management in port operations;

- Development of value-added services in ports as a means of trade promotion;

- Economic impacts on ports of potential developments in marine environment regimes;

- Comparative analysis of legal regimes for ports.

16. Subject to the availability of resources, priority should be given to developing training packages in the field of strategic planning, strategic pricing and quality management. In particular, the Group noted the valuable contribution the UNCTAD Trainmar programme had made to countries in transition and developing countries, and encouraged donors to contribute to this programme.

Annex II

CHAIRMAN'S SUMMARY

1. On the subject of strategic port pricing, the Group benefited from the presentation made by Mr. Caude from Le Havre Port Authority (France). The Port Authority assessed pricing for each of the links of the logistics chain, which allowed discussions with shippers and shipowners about the total cost of transit of specific cargoes. Examples for crude oil and containers were given to illustrate the approach, which showed that differences between ports were not important when total transit costs were considered. The volume of cargo to be handled was an important variable when calculating unit costs. Further, tariffs were made up of two parts: a public one, applicable to all users, which could not be negotiated; and a commercial component, for which discretion was given to the Board to adjust it to market conditions.

2. The Group also profited from the presentation made by Mr. N'Zi N'Guessan from Abidjan Port Authority (Côte d'Ivoire). Pricing was made to comply with the Port Authority's financial objective of self-sufficiency, and analytical cost accounting was used to control and reduce costs. Pricing levels were also set on the basis of the long-term development plan of the port. The views of users were taken into account by seeking an adequate ratio of quality and price in the provision of services. Finally, the objective of national development was taken into account in fixing certain prices, notably for staple cargoes. Constraints on pricing arose from the need to continue to attract transit cargoes for land-locked countries.

3. Many port authorities considered that an important element in tariff setting was the need to repay the loans taken to fund port expansion, as well as to contribute to the municipality (e.g. Rotterdam contributed 8 per cent of its anticipated revenue and Antwerp 15%) or to state or national governments. Further, it was generally agreed that tariffs must provide sufficient funds to cover costs without hindering trade.

4. While there was agreement that the quality of services offered was more important than price, ports often competed on price. The nature and amount of the premium for quality was a matter to be regarded on a case-by-case basis. Many authorities in developing countries and countries in transition charged national users in local currency and international users in hard currency, sometimes with the option to pay in local currency at the rate of exchange applying when the service was performed. Again, port authorities agreed that pricing advantages should not be achieved by disregarding environment protection. There was agreement that competition was the best way to control prices.

5. The socio-economic development of the country had a bearing on the way tariffs were established and fixed. Port authorities which had a large portion of government-related traffic, maintained port facilities in remote locations, made a financial contribution to the functioning of other ports (for instance to cover expensive dredging) or were located in countries with unstable economies, tended to experience strict control over tariffs by government. The reasons for the involvement of Governments in pricing issues,

which included port authority tariffs and cargo-handling charges, included fears of the impact of charges on the cost of living or a desire to subsidize an undeveloped region or to balance income and expenditure at the national level. Conversely, ports located in countries with mature and stable economies relied more on decisions made by commercial parties, notably for cargo-handling charges. However, even in this case special bodies existed in some countries to hear grievances.

6. Finally, the legal framework for pricing was reviewed by the Group, and it was found that the view that port authorities' tariffs were taxes was losing its universality. A recent European Union ruling stated that port authorities were enterprises which sought compensation for the services they performed and therefore were free to set tariffs in the way best adapted to trade. It was also agreed that port authorities should not look for unfair advantages through their monopoly powers.

7. On the issue of deregulation, commercialization and privatization, the Group benefited from the presentation made by Mr. Naumof (Romania). He explained that, in Romania, achievements had been made in the ongoing process of reform. About 500 commercial bodies were now in charge of cargo handling, dredging, repairs, mooring, towage and maintenance activities. All these bodies were selected through a tender procedure, and all of them were funded by private capital. In some cases, a management/employee buy-out (MEBO) had been resorted to. Four autonomous state enterprises (Constantza, Maritime Danube, River Danube and Navigable Canals) were in charge of managing the public port domain, comprising breakwaters, port basins, approach channels, quays, port roads, and port utilities and telecommunications networks. Thus, ports were now managed under the regime of a landlord port authority. Shortcomings in the process were due to the lack of investors in value-added cargo-handling and industrial activities in the port area, insufficient capital in Romanian companies, the unstable situation in Yugoslavia and also the slow change in the previous centralized decision-making mentality.

8. The Group also benefited from a presentation by Mr. Hayes (Australia). He explained that dissatisfaction with high charges had started a process that had led in a period of 15 years to the closing of the Maritime Service Board of New South Wales. The labour cuts during the process had been substantial, and three new port corporations established to manage the ports of New South Wales were aiming to be successful business entities in charge of maximizing the net worth of state assets and promoting trade, with due regard for community needs and the environment. In his view, a blind preference for privatization was not always justified. In practice, efficient port services were provided by fully public ports, such as Singapore, and fully private ones, such as Hong Kong. He concluded by saying that no port in the world could do without the regulatory function of the Government.

9. Many ports spoke of their experiences with port reform, and presentations were also given by the representatives of Venezuela (Mr. Sabatino) and Brazil (Mr. Pimental). In many cases, there had been a decentralization of port ownership from the central government to state governments, often as a result of a general government policy to liberalize the economy. What was clear was the need to have a specific regulatory

framework for the port administrative structure. Thus, it would be better to speak of re-regulation rather than deregulation. Several experts indicated that the issue of port reform was a process that required a pragmatic approach to suit the particular conditions present in the country and the individual ports. A common feature of the process was the transfer of duties from the operating type of port authority to the leaner landlord type, and for that a legislative framework was needed. In some cases, a port law was enacted first, as in Brazil; in other countries, a general law such as the devolution of powers from the federal level to states was used. In other cases, a phased legislative approach was used, as in Poland, where the port was first transformed into a company belonging fully to the national government and after a few years a port bill was submitted to Parliament proposing a non-profit public company, or in Romania, where the limits of the current laws allowing the setting up of commercial bodies in ports had been reached and there was now a lack of legislation.

10. What was also clear was that the process of port reform took a considerable time. Further, for any reform, it was important to have clearly in view the goal of promoting trade, while at the same time having profitable and thus sustainable operations. The objective for port authorities was to have adequate capacity and efficient services. A complementary legislative effort was required in other areas affecting port operations, and the upgrading of Customs, labour, fiscal, trade and other legal instruments was a prerequisite for successful port reform. In France, one of the components of the reform had included a change in the law concerning the public domain. The changes allowed leases of up to 90 years, mortgages on public port lands and indemnity in case of eviction.

11. It was agreed that a partnership of the public and private sector was needed to have a successful port reform, notably in connection with the financing of development schemes. New financing methods such as BOT were being used increasingly by ports. However, proof of technical know-how for both construction and operation of terminals, in addition to the financial commitment of the interested parties, was deemed necessary to avoid financial speculation.

12. The objective of port reform was increased efficiency of ports. One important issue was the regulation of port operators which, during the first stages of the process, were sometimes numerous and had insufficient resources. For this, a pragmatic approach was needed. In all cases, the need for efficiency placed the focus on a motivated and well trained workforce. In general, the introduction of the private sector meant leaner bodies, and the problem of placing excess labour occurred. Redundancy payments and retraining were two means mentioned to solve this problem.

13. On the subject of financing port development, there was a considerable degree of agreement on the conditions required to attract private capital. Leases of 20 to 25 years which were also renewable were common in several ports, and longer periods were allowed for larger investments. The representative from Rotterdam explained that his port provided only land, land access and the quay wall, for which a fixed amount was charged. The amount was indexed, and the lessee had to return the land in the same condition. An

environmental audit was made before and after the lessee took the premises, and he was liable for any pollution. In other countries, notably Egypt and Morocco, due to the large investment required and the long payback period, financing of port development was undertaken by the State.

14. State aid, like that proposed by the European Union for the development of transport networks, could affect the competitive position of ports by reducing inland transport costs. However, it was maintained that such aid was necessary for some ports which were not commercially viable due to their eccentric location and which were necessary for broader national reasons, as in Greece and Norway.

15. On the subject of cooperation, the Group benefited from a series of presentations made by representatives of several French ports. Mr. Fourgeaud from Nantes-St. Nazaire Port Authority presented the collaboration of his port with Djibouti Port Authority (PAID) within the framework of the Convention signed between the two Governments. This collaboration involved financial aid amounting to eight million French francs, and a supplementary protocol had been signed between the two port authorities. The implementation of a Company Plan was agreed as the main object of the collaboration. Some of the main actions undertaken were: reorganization of the accounting and financial functions; setting up of a new tariff; a development plan for the workforce; updating of port regulations; improving port statistics and establishing commercial policies. A new simplified tariff, a union agreement and new regulations had all been implemented.

16. Mr. Weizmann from the Directorate of Ports of France presented the rationale for and the scope of cooperation in the Mediterranean Sea, as agreed by the European Union, to establish a zone of stability, development and free trade in the southern region of the Union. France acted as the focal point in transport and communications. Two projects that were being implemented were in the areas of maritime safety and the linkage of computerized networks.

17. The evolution of cooperation in the field of ports in the Mediterranean Sea was presented by Mrs. Romani from the Marseilles Port Authority. She described the use of the ESCALE software to speed up the turnaround of ships in 14 Mediterranean ports, the plans for the rehabilitation of the port of Beirut and the development of a new port in Gaza strip, as well as the MARTRANS programme of the European Union which would simplify and standardize the transfer of computerized data for maritime transport in the Mediterranean. Cooperation in the field of hydrography was presented by Mrs. Fourcassies from the Bordeaux Port Authority. She stressed the importance of hydrography for port authorities to assure a safe passage to and from the port and the benefits that could be reaped from decreasing dredging costs. She outlined the cooperation carried out by her port in this field with several ports in Africa and the Caribbean.

18. The role of the International Association Cities and Ports was presented by Mr. Delsalles, representative of the Association, who noted the need of ports and cities to discuss important issues such as the reconversion into

commercial or residential areas of the obsolete sections of ports, the increased concern for the environment and the important role played by ports in respect of regional planning and development.

19. The cooperation of four major deep-water ports and two railway companies in one Brazilian state to set up an export/import corridor in Central Brazil was presented by Mr. Pimentel (Brazil). The objective of this cooperation was to promote exports from the region.

20. Cooperation between European ports was presented by Mr. Suykens, Chairman of the European Sea Port Organization (ESPO). Extreme diversity in size, location, management, operations, etc. was the main feature of European ports, but in 1972 they had started to cooperate informally within the scope of the activities of the European Commission, and in 1993 they had created ESPO. The rapidly changing environment maintained the need for ports to cooperate, notably in issues related to regulations.

21. The cooperation carried out by the Port Management Association of West and Central Africa was presented by Mr. Daniels, representative of the Association. The Association provided useful forums for exchanging information on the experiences of those member ports introducing commercialization. In addition to the regular meetings, international seminars were also sponsored by the Association in the subregion.

22. The cooperation carried out by the Union of Port Administrations of North Africa was presented by Mr. Ait Jafour (Morocco). Members from the seven countries of the Union concentrated on the harmonization of laws, regulations and policies, the running of seminars and the preparation of feasibility studies for the procurement of computerized equipment.

23. The activities of the Association of Port Lawyers (Legiport) was presented by Mr. Rezenthel, Secretary-General of the Association, who invited interested professionals from port authorities, port-related bodies and organizations and academia to participate in the seminar to be organized in Casablanca (Morocco), in late 1996, to foster the main aim of the Association, namely to develop port law as a specialized branch of law.

24. The intervention of several experts showed that considerable cooperation was taking place between ports at the subregional level. Cooperation existed amongst ports in southern Africa, in the Black Sea, in the Baltic Sea, in the Mediterranean Sea and, through the American Association of Port Authorities, in Latin America. Participants from Latin America stated their support for the work of Legiport and emphasized the need to introduce commercial concepts into the traditional administrative law that prevailed in many ports. Cooperation activities at a bilateral level were reported by a number of countries, e.g. Netherlands and India, and Belgium and China, and well established channels, such as the Ministry for Cooperation in France, were in place for this purpose in many countries. There were mixed opinions as to whether cooperation between competing ports was feasible, but the exchange of information on matters concerning safety was essential. Cooperation amongst ports was also essential to dissuade the use of substandard ships.

25. Participants were appreciative of the new certificate course for the training of middle managers and the training survey for senior port managers presented by the UNCTAD secretariat. Comments related to the need to have a comprehensive approach to training that covered several management areas, the need to tailor training to the specific needs of individual ports, the importance of building some in-port capacity for training delivery, and the importance of attitude changes in respect of training in the work place. Many developing countries noted the positive results they had achieved in developing training capability by being associated with the Trainmar programme.

Annex III

ROUND TABLES ON QUALITY MANAGEMENT AND INFORMATION TECHNOLOGY IN PORTS

At its first session, the Group recommended that its next session be preceded by a high-level seminar. Two round tables were organized by the secretariat to present examples of the use of quality management and information technology in ports. This provided the opportunity to learn of the latest developments in these areas, which are becoming essential to provide efficient transport and value-added services in ports. The secretariat thanked the following individuals and their organizations for the support they had graciously given in making presentations at these round tables.

Ummo Bruns
Port Authority of New York and New Jersey

Jot Visser
Van Ommeren Tank Terminals (Rotterdam)

Manuel Guerra
Autoridad Portuaria de Valencia

Alain Gauthier
Sofrmer (Paris)

Daniel Thomas
Rouen Port Authority

Bertrand Waucquez
Hessenatie Group (Antwerp)

Jean Denel/Paul Scherrer
Le Havre Port Authority

Ignacio de Cárdenas
Paceco España S.A.

Bruno Carpentier
Marseilles Port Authority

Miguel Angel Pesquera
Santander Port Authority

Fernando Fernández Melle
Director of PORTEL (Spain)

Annex IV

ATTENDANCE 1/

1. The following States members of UNCTAD were represented at the session:

Algeria
Angola
Australia
Bahrain
Belgium
Benin
Bolivia
Brazil
Cameroon
China
Côte d'Ivoire
Denmark
Djibouti
Egypt
Finland
France
Gabon
Gambia
Germany
Ghana
Greece
Guatemala
Guinea
Guinea-Bissau
Haiti
Honduras
India
Indonesia
Israel
Italy
Japan
Kenya
Malta
Morocco
Myanmar
Namibia
Netherlands
Nigeria
Norway
Peru
Poland
Romania
Russian Federation
Senegal
Sierra Leone
Slovakia
Spain
Sri Lanka
Sudan
Togo
Tunisia
Turkey
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Uruguay
Venezuela

2. The following specialized agency and related organization were represented at the session:

International Labour Organization
World Trade Organization

1/ For the list of participants, see TD/B/CN.4/GE.1/INF.2.

3. The following non-governmental organizations were represented at the session:

Special Category

International Association of Ports and Harbours
International Association Cities and Ports

4. European Sea Ports Organization
North African Port Management Association
Port Management Association of West and Central Africa attended at the special invitation of the secretariat

EXPERTS

Mr. Ummo Bruns, Port Authority of New York and New Jersey
Mr. Ignacio de Cardenas, Paceco España S.A.
Mr. Bruno Carpentier, Marseilles Port Authority
Mr. Jean Denel, Le Havre Port Authority
Mr. Fernando Fernández Melle, Director, PORTEL
Mr. Alain Gauthier, Sofrmer, Paris
Mr. Manuel Guerra, Valencia Port Authority
Mr. Miguel Angel Pesquera, Santander Port Authority
Mr. Daniel Thomas, Rouen Port Authority
Mr. Paul Scherrer, Le Havre Port Authority
Mr. Jot Visser, Coordinator Operations, Van Ommeren Tank Terminals, Rotterdam
Mr. Bertrand Waucquez, Hessenatie Group, Antwerp